

APPENDIX No. 1

It will be convenient first to remind the council of the steps which have been taken with a view to the establishment of the undertaking.

On the 5th of April, 1898, a letter was written to the Postmaster General asking for the grant of a license for a municipal telephone service in Brighton, and on the 21st April, 1898, the Postmaster General replied that the government had appointed a select committee to consider the question of whether any changes in the law were desirable in order to enable municipalities to transact telephone business, and that pending the report he was unable to take any action in the matter.

The select committee reported on the 9th August, 1898, and in the session of 1899 the Telegraph Act of that year was passed for the purpose of giving effect to the recommendations of the select committee.

On the 14th August, 1899, the Postmaster General wrote inquiring whether, in view of the provisions of the Act, the council desired to renew their application for a license.

The council appointed a special committee to consider the question, and on the 6th June, 1900, the committee reported recommending that application be made for the grant of a license. This recommendation was approved by the council, and on the 27th July, 1900, application was made for a license.

The license authorises the council during the period of 25 years from the 1st May, 1901, to carry on telephone exchange business within the Brighton exchange area, and it provides that if the council do not within two years from the 30th April, 1901, establish an exchange system, the Postmaster General may revoke the license.

On the 10th April, 1901, the committee reported to the council with recommendations for carrying the license into effect, and on the 18th April, 1901, this report was adopted by the council, subject to satisfactory agreements being entered into with the several local authorities included in the exchange area with regard to wayleaves, and subject to the sanction of the local government board being obtained to the loans required to defray the cost of the works.

A copy of the committee's report of the 10th April, 1901, is sent herewith for the information of the council.

On the 10th December, 1901, the committee reported to the council with a statement of the wayleave agreements obtained, and recommending that steps should be taken for carrying out the installation of the exchange in accordance with the scheme and estimate which had been approved by the council on the 18th April, 1901. A copy of the committee's report of the 10th December, 1901, is sent herewith for the information of the council. Since the date of that report, Burgess Hill has accepted the terms as to wayleaves offered by the council.

With the authority of the council, application was made to the local government board for sanction to a loan of £45,000 to defray the cost of the execution of the work, and tenders for the installation of the exchange were invited.

The tenders for the work have been received, but the committee have deferred bringing them up to the council pending the receipt of the sanction to the loan.

The committee are, however, advised by Mr. Bennett that the cost of execution of the work in accordance with the tenders which he would recommend for acceptance will be well within the amount of his estimate for the work.

With regard to the sanction of the local government board to the loan, a difficulty has arisen, in consequence of the refusal of the corporation of Hove to consent to the execution of works within that borough.

As stated in their report of the 10th December, 1901, the committee were advised by Mr. Bennett, that in the event of terms not being agreed with Hove for underground wayleaves the Hove subscribers could be supplied by overhead wires placed on poles erected on private premises.

At the local inquiry, with reference to the application for the loan of £45,000, this view was urged upon the inspector, but the representatives of the Hove corporation then put forward a claim to prevent the erection of overhead wires across streets of the